

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

1 June – 3 June 2010

Question: BET 267

Topic: Small Business

Hansard Page: Written

Senator Eggleston asked:

- How many Small Business are there in Australia?
- What is the definition of a small business (as defined by the ABS) ?
- When was the last recording of small business numbers in Australia?
 - Why is the most recent small business figures those from 2007?
 - Regarding the difficulties in defining ‘small business’ – how many different definitions are currently being used by the government and government departments?

Answer:

How many Small Business are there in Australia?

Under the ABS definition, as at June 2007, there were 1,927,590 small businesses in Australia.

Source: *Counts of Australian Businesses, including Entries and Exits, June 2003 to June 2007* (ABS Cat. No. 8165.0).

What is the definition of a small business (as defined by the ABS)?

Small businesses, as defined by the ABS, include those businesses who employ fewer than twenty staff (based on headcounts of employees). The counts of businesses published by the ABS includes businesses actively trading in the market sector and registered for GST.

When was the last recording of small business numbers in Australia?

The last ABS recording of small businesses numbers in Australia was at June 2007.

Source: *Counts of Australian Businesses, including Entries and Exits, June 2003 to June 2007* (ABS Cat. No. 8165.0).

Why is the most recent small business figures those from 2007?

The ABS has been investigating the potential impact of the change in the threshold for compulsory participation in the GST system (implemented in June 2007), as ABS business counts only include those businesses participating in the GST system. This has caused a delay in the release of updated data. Investigations are now complete

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and updated data on the small businesses sector are expected to be available on October 21, 2010 in the publication *Counts of Australian Businesses, including Entries and Exits, June 2007 to June 2009* (ABS Cat. No. 8165.0).

Regarding the difficulties in defining "small business" - how many different definitions are currently being used to the government and government departments?

The number of definitions used across the government and government departments is unknown. The ABS promotes only one definition but is aware of other definitions which are currently in use, such as those used by the Australian Taxation Office (i.e. businesses with aggregated annual turnover of less than \$2 million) and in the *Fair Work Act 2009* (i.e. a national system employer is a *small business employer* at a particular time if the employer employs fewer than 15 employees at that time).